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HOUSE OF COMMONS

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

BILL No. 9

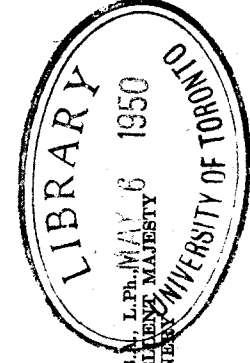
An Act to incorporate Prairie Transmission Lines Limited.

FRIDAY, APRIL 28, 1950

WITNESSES

Mr. J. G. Edison, Toronto, Parliamentary Agent;

Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited.



OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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MINUTES OF PROCEEDINGS

FRIDAY, April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 8.15 p.m. The Vice-Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Adamson, Applewhaite, Byrne, Carroll, Carter, Darroch, Decore, Douglas, Ferguson, Garland, Goode, Gourd (*Chapleau*), Green, Harkness, Herridge, Higgins, Hodgson, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Pearkes, Prudham, Riley, Robinson, Rooney Shaw, Smith (*Calgary West*), Ward, Whiteside, Wylie.—38.

In attendance: Mr. J. G. Edison, Toronto, Parliamentary Agent; Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited.

The Committee considered clause by clause Bill No. 9, An Act to incorporate Prairie Transmission Lines Limited.

Mr. Edison and Mr. Gilman were examined.

The preamble and sections 1 to 5 were severally adopted without amendment.

Section 6:

Mr. Green moved:

That section 6 be amended by inserting after the word "thereof" in the fourteenth line, the following: "and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada".

And the question having been put thereon, the said proposed amendment of Mr. Green was resolved in the negative on the following recorded division:

Yeas: Messrs. Ferguson, Green, Harkness, Herridge, Higgins, Jones, McGregor, Wylie.—8.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Douglas, Gibson (*Comox-Alberni*), Goode, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Whiteside.—19.

Mr. Green further moved:

That Section 6 be amended by inserting after the word "oil" in the twenty-ninth line, the following: "provided that the main pipeline or lines, either for the transmission or transportation of oil or gas, shall be located entirely within Canada."

And the question having been put thereon, the said proposed amendment of Mr. Green was resolved in the negative on the following recorded division:—

Yeas: Messrs. Green, Harkness, Herridge, Higgins, Jones, McGregor, Wylie.—7.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Douglas, Gibson (*Comox-Alberni*), Goode, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Whiteside.—19.

Sections 6 to 11 inclusive, the title, were severally adopted and the Bill ordered to be reported to the House without amendment.

On motion of Mr. Carroll:—

Resolved,—That for taxing purposes each share of the capital stock of no par value, shall be deemed to be worth three dollars (\$3.00) and that the Committee so recommend to the House.

At 10.15 p.m., on motion of Mr. Maybank, the Committee adjourned to the call of the Chair.

ANTOINE CHASSÉ,
Clerk of the Committee.

REPORT TO THE HOUSE

FRIDAY, April 28th, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

FOURTH REPORT

Your Committee has considered Bill No. 9, An Act to incorporate Prairie Transmission Lines Limited, and has agreed to report it without amendment.

Clause 3 of the said Bill No. 9 provides that the Capital Stock of the Company shall consist of five million shares of "no par value".

Standing Order 93 (3) stipulates the charges to be collected on the declared value of Capital Stock, but no provision is made in that Standing Order for Company shall consist of five million shares of "no par value".

Your Committee recommends that the Capital Stock in Bill No. 9 be deemed, for taxing purposes, to be worth \$3.00 per share.

All of which is respectfully submitted.

H. B. McCULLOCH,
Vice Chairman.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 8.15 p.m. The Vice Chairman, Mr. H. B. McCulloch, presided.

EVENING SESSION

The VICE CHAIRMAN: Gentlemen, we have a quorum. We are now on bill No. 9, an Act to Incorporate Prairie Transmission Lines, Limited. The first item for consideration is the preamble. Shall the preamble carry?

Mr. GREEN: Oh, Mr. Chairman, I think we should first have a statement.

The VICE CHAIRMAN: Oh, yes, they will give you a statement after the preamble is passed.

Mr. GREEN: No. The procedure followed with the other bill was to have the statement first.

The VICE CHAIRMAN: Well, that is what I was told to do.

Mr. HIGGINS: I think we should have a statement first, Mr. Chairman.

Mr. MAYBANK: The evidence is given on the preamble. Shall the preamble carry? Then we could proceed.

The VICE CHAIRMAN: Yes. Shall the preamble carry?

Mr. ROBINSON: In the unavoidable absence of the sponsor of this bill I would like to introduce to you and to the committee Mr. J. G. Edison, counsel for the applicant, who will be prepared to make a statement on the bill itself.

I listened to Mr. Maybank's remarks before we adjourned at 6 o'clock and also to the remarks of Mr. Green. I feel that both submissions were well taken. In other words, I feel we all want to get ahead with the procedure on this bill. But at the same time I feel that this committee is entitled to an explanation of the purport of this proposed company.

I have had an opportunity of talking to Mr. Edison and to his principal and I can assure you that they are prepared to make such explanations as are necessary. But, as Mr. Maybank has said, I feel that this particular application is very similar—if not practically identical—to the one on which we have spent a good deal of time in this past week; and for that reason I hope that the meetings may be very much shorter. Therefore I introduce to you Mr. J. G. Edison and I ask him to carry on from there.

Mr. EDISON: Mr. Chairman and gentlemen: I represent the applicants for the incorporation of this company the Prairie Transmission Lines, Limited, and without taking up too much of your time I would like to tell you something of the background, and I would also be glad to answer any questions I can with regard to the project which we hope to accomplish if the company is given a charter.

As you are aware, sensational developments in the discovery of oil and gas in Alberta have taken place in the last three years. About 18 months ago, a group of residents in Alberta decided, when the question of exporting gas became an active issue in the province, to see whether or not it would be possible to proceed with a project under which a company would be incorporated to be

owned in Canada by residents of Canada to take advantage of the profits which may be available as a result of the great development in Alberta. A syndicate was formed which was composed chiefly of residents of Alberta together with one man in Winnipeg and one man in Toronto and the services of Mr. W. C. Gilman were retained on a preliminary basis to make a preliminary engineering report, and to indicate whether or not a gas pipe line running west from Alberta was a feasible project. I may say that Mr. Gilman is head of W. C. Gilman and Company of New York City.

As a result of the preliminary report made by Mr. Gilman to the syndicate an Alberta company was incorporated under the name of Prairie Pipe Lines, Limited, and the services of Mr. John O. Galloway of Calgary, a geologist, were obtained to advise the company with regard to all matters having to do with gas supply, because he is an expert in the supply of gas. He is a geologist in Alberta.

And in addition the services of the firm of P. MacDonald Biddison of Tulsa, Oklahoma, were retained to advise regarding construction costs and general construction problems involved in the pipe line. Mr. Gilman's company was invited to proceed further with their engineering studies in connection with this whole project. Conversations were entered into on behalf of the group of incorporators with investment firms in both Canada and the United States and I am authorized to say that in Canada Dominion Securities Corporation will head a syndicate, if this company obtains a licence to build a pipe line, to sell securities of the company in Canada while in the United States the firms of Kidder, Peabody and Company, and White Weld and Company of New York will, correspondingly, undertake the financing involved in the American part of the project, that is, the sale of securities of the American company which have to be sold in the United States.

Kidder, Peabody and Company and White Weld and Company, while it may not be known to you, have in fact financed more pipe line companies in the United States than any other group of companies in the financial business in New York.

I know that a good deal has been said during the discussions in the last few days about an American and a Canadian project and a Canadian pipe line and I would like to say on behalf of the incorporators of this company that their object is to keep the ownership of this company in Canada. Great developments in natural resources of this nature have required large importations of capital from outside the country. But I think that Canada has now reached a stage where Canadian companies which are properly sponsored and properly financed could retain the ownerships of the equity of the company in Canada. Consequently, they have proceeded with their engineering surveys, and Mr. Gilman and the other engineers engaged have been asked to proceed with their engineering studies and surveys looking towards an application to the Board of Transport Commissioners to build a pipe line to the west coast along one of several routes which Mr. Gilman will be glad to describe to you in a moment or two.

The Alberta Company, Prairie Pipe Lines Limited, will own a gathering grid system in that province, if permission is granted, and the company for which we are seeking incorporation will carry the pipe line from Alberta west.

I do not think there is very much more that I can say because you have spent the last three days hearing a great deal about this great project. It was described at one stage by Mr. Dixon who gave evidence before you for the last several days as a horse race. I am here today on behalf of the applicants of this company who are Canadians to ask you to allow a Canadian horse to be entered in this project.

I would like to introduce to you, if I may, Mr. W. C. Gilman who is the consulting engineer of this company, but before doing so I might say, if Mr. Gil-

man would allow me, that Mr. Gilman was born in Canada in the eastern townships of Quebec; that he attended McGill University from 1912 to 1914; that after the outbreak of the first world war he joined the Canadian Army and he served for five years in the Canadian and in the British army; and that upon his return in 1919 he completed his studies at the Massachusetts Institute of Technology; and that he then went to New York to engage in the engineering business where he has now become head of the very large and responsible firm which bears his name in that city today.

Now I am in the hands of the committee, Mr. Chairman, and if there are any questions which you would like to ask me before hearing from Mr. Gilman, I am prepared to answer them; or, it may be that you would like to hear from Mr. Gilman who is present and available.

We have prepared for you a relief map of the province of Alberta, the province of British Columbia, and the adjacent area of the State of Washington. It is a three dimensional map, but it is produced on such a scale that one must get not more than a few feet away from it to examine it. Some of the members of the committee have already seen it, but it might be helpful for the other members to examine it at this time, before Mr. Gilman speaks.

Mr. ROBINSON: I have had an opportunity of looking at this map and I found it very interesting. I am sure that every member of the committee will be very interested to see this relief map at the earliest opportunity. If that were possible now I think it would assist us very materially in getting ahead with our work.

Mr. EDISON: Perhaps we might turn the map sideways, and perhaps the members might come up on both sides of the table to take a look at it. However, I am in the hands of the committee in that regard.

Mr. GREEN: Mr. Chairman, could we not break off for a few minutes to take a look at this map?

The VICE CHAIRMAN: Take it down to the center table so that everybody may have a good look at it.

The VICE-CHAIRMAN: Order gentlemen.

The WITNESS: Gentlemen, may I introduce Mr. Gilman.

Mr. GREEN: Mr. Chairman, how are we going to go about this examination? Are you going to examine Mr. Edison first, or Mr. Gilman?

The VICE-CHAIRMAN: I should think Mr. Gilman first.

Mr. MAYBANK: Mr. Chairman, I would like to make this suggestion; examining one who comes before the committee as counsel for certain principals is not, it seems to me, the apt way of getting information. He is always giving you information that somebody has given him, usually somebody with him; and, probably, unless there is something within his knowledge it is better to ask the principal when we have him. Anyway, people before us are not under oath, and I suggest that all you need to do is to ask the question and whoever can best do so will give the answer. So, Mr. Chairman, I would suggest that the questions be not addressed to either of these gentlemen, but that they just be put and then whoever can best give the answer will do so.

Mr. GREEN: Well, the position with the other company, the Alberta Natural Gas Company, was that Mr. Dixon was the president of the company; he was familiar with all the financial arrangements and so on, and he gave us the information. I was just wondering whether Mr. Edison knew all about the financial arrangements or whether Mr. Gilman was simply the engineer.

Mr. MAYBANK: I would suggest that you just ask your questions and the one who can answer best will do so. Would you not think that would be the best way?

Mr. GREEN: That might be the best way.

Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited, called:

The WITNESS: Mr. Chairman and gentlemen, we have built four pipe lines, and we have made detailed studies of these proposed pipe line routes for delivering natural gas from Alberta to the Pacific coast markets. We have been all over the territory. We have made market surveys and studied the terrain and the topography and have made cost estimates covering two alternative routes. One of those might be called the all-Canadian route and the other the American route. Now, the Canadian route proceeds through the Crow's Nest Pass to a point called Yahk, westerly from there to Trail, and then generally along the northern side of the international boundary to Princeton and Hope, and will continue to Vancouver. From there a spur line will extend south into the United States to Bellingham, Seattle, Tacoma and Portland, and so on. Along that Canadian route there would also be a spur to serve Spokane, Washington; and another spur would extend from there to the Okanagan Valley and down to Yakima, the Hanford works, also to Walla Walla and Pendleton. The alternative route is a route which also starts near Pincher Creek or Macleod, Alberta, and extends down through the Crow's Nest Pass and crosses the international border at Kingsgate it then continues on down to Spokane and across the northern Washington plain to Wenatchee and through the Cascade Mountains at Steven's Pass to a point in Washington from which a spur goes north to Vancouver, and south to Seattle, Tacoma, Olympia and Portland; and along that line—that American route, there is a spur from near Spokane to go up Steven's Valley, and serve Trail, British Columbia and nearby territory.

As I say, we have made a cost estimate of these lines, but I should say that we have not as yet made any detailed study or survey of the Yellowhead Pass route. I have been through the Yellowhead Pass route by rail and I have some general knowledge of that terrain. In our earlier investigations we arrived at the conclusion that it was an expensive line and would be quite difficult to maintain, so we concentrated our activities on lines which we thought at the time were more feasible, and we proceeded with detailed cost estimates on those lines. I was about to say that we are prepared to and will continue to study routes. As soon as the weather opens up we will send engineers up into the Yellowhead route and make a more detailed and extensive study of the terrain, and estimate the costs along that route. Incidentally, our hearing before the Alberta Board is set for October 9, so we have plenty of time this spring and summer to do that work.

Our estimates of the cost of the construction of the line include this extra gathering system within the Canadian route which I have just described, and that cost would be about \$90,000,000. Our estimate of the cost of the route which I have mentioned and described as the American route is \$66,400,000.

We made estimates of the potential requirements of gas in the various areas to which we expect to go. We have no idea of establishing quotas for gas. Our system will be established to sell as much gas as any customer can possibly take, and that is looking ahead for some time into the future. Our estimates are based on that very fact, on the basis of possible future sales in that particular area—whether it be Vancouver or Seattle or whatever point may be concerned. Our estimate of the amount of gas that we will sell in a five-year period is around 68 billion cubic feet. Our estimate of the delivery of gas on a maximum day would be about 249,000,000 cubic feet. We estimate that after the line has been in operation for a reasonable length of time we will operate at 75 per cent of load factor. Our market surveys as to the potential sales of gas have been after talks with the utility companies in the area, and study by our own engineers on an independent basis. The larger utility companies are the Portland Gas Company

in Portland and the adjoining area, the Seattle Gas Company in Seattle, the Spokane Gas Company in Spokane, and the B.C. Electric Company in Vancouver and the Fraser Valley areas nearby.

Now, Mr. Chairman, I would be glad to answer any questions. I have tried to run through the high spots and to tell you of our routes, our estimates of costs and our estimates of sales, and now I would be glad to answer any questions you may care to ask.

MR. GOODE: Mr. Chairman, might I just ask the witness what his name is?

THE WITNESS: William C. Gilman.

By Mr. Goode:

Q. Mr. Gilman, are you in any way associated with the West Coast Transmission Company Limited or the Alberta Natural Gas Company?—A. No, sir.

Q. Did you have any connection with the preparation of their application?—A. No, sir.

Q. Now then, in regard to the all-Canadian route to which you referred, and I think you said the cost was going to be something like \$90,000,000, are you familiar with the fact that it is going to be very difficult to build that line up the Hope River Valley?—A. It is going to be a very difficult piece of construction, as I have indicated. Our estimates are that it would cost about \$24,000,000 more than the other route, but we believe at the moment that it can be built, and we are going to continue with our studies and make further investigations to make sure of that.

Q. I will develop that in just a moment, but before we approve this application of yours for a charter we must be sure in our own mind that we have some reasonable basis for believing that it will be possible to build it. Are you sure in your own mind that the line can be built up the Hope River Valley there?—A. No. We are going to study that further this summer.

Q. What do you think the possibilities are of building that line up through the Hope River Valley?—A. I would hate to say the odds, because it involves a difficult bit of construction work. We are going to send our engineers in there on foot this summer and have them make a survey of all that territory. We have been through that territory but we have not been through it on foot, and we are going to do that this summer.

Q. How do you base your cost of the all-Canadian route at \$90,000,000?—A. By estimating the cost of the construction of a mile of route. Considering the special practices involved in difficult terrain you take your mile rate, and on that basis you work out an educated guess at what the cost would be.

Q. And you know that building the line up through that Hope River Valley country, from Hope to Princeton there, is going to be very difficult and very expensive? No doubt you know that it cost \$12,000,000 to build the highway there from Hope to Princeton, and that it was a very difficult piece of construction work?—A. It was, yes.

Q. I want to develop that idea. You say the cost of the Canadian route should be \$90 million or more and the cost of the United States line should be approximately \$66 million, as you gave it. If the all-Canadian route is built, what would be the total additional cost in dollars per year to the lower mainland of British Columbia in the price of gas?—A. Well, I would say that it might be fifteen to twenty-five per cent more than would be the cost via the southerly route which is easier to construct and cheaper and easier to maintain and keep in operation.

Q. We have a figure from other sources of between \$750 thousand and \$1½ million per year. Do you consider that figure fair?—A. Yes, I have heard that figure. I would say that that is reasonable.

Q. I have also these figures. A pipe line built over the all-Canadian would at least have a life of twenty years—I know there would be more to it and I have based other questions in another case on another figure.—A. Twenty years would be the minimum.

Q. Would I be correct if I said that the penalty to the lower mainland of British Columbia over a twenty year period would at the minimum be \$20 million if the line is built all-Canadian?—A. Other things being equal, that is right.

Q. Would you agree to that figure?—A. Yes.

By Mr. Smith:

Q. You have made no examination of the all-Canadian route. You do not know whether a line can be built between Hope and Princeton or not, do you?—A. No.

Q. Why are you giving us figures in millions per year to the lower mainland in British Columbia when you have nothing to base it on at all?—A. It is just an engineering guess of the cost of construction.

Q. What do you mean by an engineering guess?—A. Well, all estimates are guesses.

Q. It is a pious hope because you like the southern route?—A. No, we have no preference at all.

Q. You do not know anything about this and yet you have no preference? Let us be honest about the thing. Did you read the evidence given in Calgary in connection with the application of the Westcoast Transmission?—A. Yes, I was there.

Q. You heard the evidence carried foot by foot almost along the whole route, didn't you? You heard how much was flat country, you heard how much was rolling country, you know how much was mountainous, you heard how much was rock work didn't you—from people who walked every foot of it? Do you know Mr. Poor?—A. I was there and I heard that evidence.

Q. —the most famous construction engineer in North America?—A. As a matter of fact the engineers did not know where the line was going to be built.

Q. Nonsense.—A. Well read the record.

Q. I have read the record and that is the reason I am speaking; and I am sure you have not.—A. I was there all the time.

Q. In Calgary all the time?—A. Yes.

Q. I do not know how I missed you, a distinguished looking gentleman like you.—A. I did not see you there either.

Q. The answer to that is I do not know why you should have.

We will go on further: you have made no surveys whatever in the Yellowhead Pass route?—A. No.

Q. So you do not know what the cost will be to take gas via that route, do you?—A. No.

Q. So you are talking about saving these hundreds of millions over a twenty year period and you have no basis for comparison at all, have you, with the Yellowhead route?—A. I was not making a comparison with the Yellowhead route.

Q. You were making a comparison with the route through the United States and the southerly route in Canada?—A. That is all.

Q. You have no comparison with the Yellowhead route?—A. I have seen all the exhibits and estimates filed in connection with the Westcoast application and I heard the testimony and I have all the figures.

Q. You have the figures, then?—A. Yes.

Q. You should know something about costs on that route?—A. I know their estimates.

Q. All right, what are they?—A. I have the whole story here, if you would like to hear it.

Q. How much do you say, using their figures? Oh, do not bother answering that. That is all. Thank you.

By Mr. Decore:

Q. In connection with the Yellowhead route the only observation you made was when you went through by train?—A. That is right.

Q. Now, I just want you to answer this question, how fast was the train going when you were making those observations?—A. Oh, about twenty to twenty-five miles an hour.

By Mr. Goode:

Q. Mr. Smith asked you to produce the figures for the Westcoast Transmission Company. I would like to have those figures placed on the record?—A. The cost figures submitted by the Westcoast Transmission Company in the recent hearing in Alberta, for the cost of their main lines system, of course, which does not serve Spokane—

Mr. McIVOR: Before Mr. Smith leaves—

The VICE-CHAIRMAN: Order, order.

The WITNESS: (continuing) The figure is \$92,210,000.

By Mr. Goode:

Q. That was for the Canadian route?—A. That is the cost of the Yellowhead route which was introduced by the Westcoast Transmission and of course that cannot be directly compared with those costs which I have mentioned because that does not include any line to serve the markets which we serve—the Spokane market, the Trail market, the Hanford market.

Q. This is very interesting and it is the first chance we have had to get these figures. What did that \$92,210,000 cover? Did it cover the grid in Alberta and—A. No, it did not.

Q. It covered the line from where to where?—A. From a point near Edmonton through the Yellowhead Pass down to Princeton, Hope, Vancouver, and on down to Portland.

Q. I would not have brought this up but Mr. Smith asked for it. Could you tell me from your own memory, whether they said they could build a line through the Hope-Princeton territory?—A. Yes, they did.

By Mr. Applewhaite:

Q. Did that figure include service to any Peace River towns?—A. No, it did not.

By Mr. Green:

Q. Well now, Mr. Gilman, do you agree with the evidence that was given on the other hearing that there would be only one pipe line built; that the market was only big enough for one pipe line?—A. For the immediate future I would say yes.

Q. What do you mean by the immediate future?—A. For the next few years.

Q. What do you mean by the next few years?—A. Probably five.

Q. You think that in five years there will be a market large enough for a second pipe line?—A. There might be.

Q. You are an engineer and engineers are supposed to make a pretty careful estimate. Is that your guess as an engineer—that there will be a large enough market for a second line?—A. No, I said there might be.

Q. No, I am asking if there will be a market in this district for a second pipe line within five years?—A. There might be, yes.

Q. There will—

Mr. MAYBANK: He did not say "will be", he said, "might be".

By Mr. Green:

Q. You will not go any further than to say there might be?—A. That is as far as I will go, yes.

Q. Because the witness in the other case did not put it anything like that close, and this is the first time I have heard a responsible engineer make a statement that he thinks there will be a market for a second gas line in five years.—A. It might take the form, of course, of duplicating a then-existing line, getting a duplicate of that line.

Q. I see.

Mr. MAYBANK: I wish to register an objection, Mr. Chairman, and I think Mr. Green will agree with it when I state it. The witness made a statement of this sort—that there would not be any probability of a pipe line in the immediate future, and he brought that down to about five years. Then, in answer to another question, he admitted there might be a second line after that time. Now, Mr. Green, in the next question said, "this is the first time I have heard an engineer say that he thinks there will be—" You see the difference. I am sure Mr. Green did not consider the difference between the expressions at the time he was using them, because I do not think he has any desire to put words into this man's mouth. These two statements are entirely different. Leave the guess as it is and do not try to make it a statement.

Mr. GREEN: I am prepared to leave it as a guess.

Mr. MAYBANK: That is all right.

By Mr. Green:

Q. Have you made any calculations as to what the gas is going to cost the people in Vancouver?—A. Yes, we believe that in taking gas along what we call our all-Canadian route the delivery cost at the western terminus of the line will be about thirty-five cents per M.C.F.—exclusive of the cost of the gas in Alberta; and, along the more southerly route—the cheaper route—a little over thirty cents per M.C.F.

Q. Do you follow the same system that Mr. Dixon followed of charging the same price for your gas in all of these cities, Vancouver, Spokane, Portland, Seattle?—A. Well, we have given no consideration to the rates which should be charged. That is going to be subject to a great many other considerations. We have only made these computations to indicate what it is going to cost us to take the gas to market. We have not made any estimates of the rates which will be charged.

Q. You have made no estimates of the rates which will be charged?—A. That is right.

Q. Do you work on the same basis as Mr. Dixon, that you charge the same rate in Spokane as you do in Vancouver?—A. We have formed no judgment in respect to that at all. That is the generally accepted practice of the American pipe lines south of the border, but we have not tried to make any computations as to what our rates will be. There are so many questions that are unknown.

Q. How are you able to give a figure on what the rate is going to be in Vancouver then?—A. We have not had an opportunity to talk to anybody in Vancouver about the rates—nor has anybody else, as a matter of fact. You cannot talk to these companies when you do not know what your cost will be.

Q. You just gave me a figure a few minutes ago of 35 cents and 30 cents?—A. That was an estimated cost of moving the gas from Alberta to those points—to the terminus of the line, as I said.

Q. Well then, what will the gas cost in Vancouver?—A. I do not know. I told you what it will cost to haul the gas. We do not know what our purchase cost of gas in Alberta is going to be.

Q. The evidence given on the Westcoast Transmission application in Alberta was to the effect that their gas going up the Yellowhead route would cost in Vancouver, 29·2 cents?—A. That was just their delivery costs. They did not say what their gas was going to cost in Alberta.

Q. Yours is going to cost 35 cents in one case and 30 cents in the other?—A. That is right. It is over 30,—30·7, as a matter of fact.

Q. Then the Westcoast Transmission apparently plan to charge the United States cities an additional 6·4 cents?—A. I never knew they said that. They produced this exhibit which showed their cost of delivery. I did not, however, understand that they proposed that as the rate.

Q. I would like to ask you or Mr. Edison whether you people are prepared to give any pledge that if you get this charter you will build an all-Canadian route?—A. I do not know that we—

Q. I would like to get that answer from Mr. Edison because Mr. Gilman is merely the consulting engineer?

MR. EDISON: No, I cannot give that pledge, Mr. Green. We want to get in this horse race. This is a very big project. If the Board of Transport Commissioners, or Mr. Howe, or anyone else says that only a Canadian route will be built, we would like to build it. We are Canadians. We want to own this company. We want to build a Canadian route, if it is economical, and the most feasible route to build. I do not think I can say more than that.

MR. GREEN: You see, we are in this position: a similar committee on railways, canals, and telegraph lines of the last parliament obtained a pledge from the Westcoast Transmission Company a year ago that they would build by an all-Canadian route. Now, are you or are you not prepared to give the same pledge?

MR. EDISON: Mr. Green, I am glad that you asked me that question because I was present at the House of Commons one night when you made that statement. I personally went down to the Board of Transport Commissioner's office the next day and I think that if they gave that pledge in this committee last year, that it must have been given on April 29th. I looked it up and found that was the date they were before the committee. On May 11th, twelve days or thirteen days later, they filed with the Board of Transport Commissioners an application to build an American route which is exactly and identically our southern and American route here. As far as this company is concerned, the only right I am asking for this applicant is that they be put in the same position as Westcoast Transmission.

I do not intend to give an undertaking tonight that we will not build an American route, and then walk down to the Board of Transport Commissioners two weeks from now and file an application to build on an American route.

MR. MAYBANK: Your horse scratched itself.

MR. GREEN: Have you ever done such a thing in your legal practice as filing caveats?

MR. EDISON: Not when I gave an undertaking not to do so.

MR. GREEN: Mind you, if Westcoast Transmission break their pledge they will be very much in the wrong, and in trouble.

MR. MAYBANK: What kind?

Mr. GREEN: I am not condoning any application for going by a U.S. route but there is such a thing as filing a caveat of that kind because other people were filing. I understand that the fact is that the royal commission did not proceed with the application and it is now off the books?

Mr. EDISON: Mr. Green, the last time I saw it was three weeks or a month ago and it was still there.

Mr. GREEN: You know they went ahead before the Board of Transport Commissioners with the other application for Yellowhead?

Mr. EDISON: Not before the Board of Transport Commissioners.

Mr. GREEN: They went ahead but it was adjourned until after the Alberta decision was made?

Mr. EDISON: You are right—that is correct.

Mr. GREEN: They are actually involved in an application for Yellowhead at the moment?

Mr. EDISON: They are, sir, but I would say that as far as their status before the Board of Transport Commissioners is concerned and I say this in my capacity as a lawyer, the applications for Yellowhead and for the American route are in exactly the same position.

Mr. GREEN: I understand that is not the case?

Mr. EDISON: Well, legal opinions may differ, but that is my opinion.

Mr. GREEN: They have proceeded with the application for Yellowhead but they were told that they would have to come back after they got a permit from Alberta?

Mr. EDISON: If that were so then I do not understand why they have not withdrawn the application before the Board of Transport Commissioners for the American route.

Mr. FERGUSON: They have.

Mr. DECORE: When was it withdrawn?

Mr. GREEN: Mr. Edison—

Mr. DECORE: When?

Mr. GREEN: There is quite a minor argument—

Mr. MAYBANK: Do not mind the static, just go ahead.

Mr. GREEN: Mr. Edison, you mentioned a few moments ago about routes being economically feasible?

Mr. EDISON: Yes, sir.

Mr. GREEN: What do you mean by economically feasible? You have the facts in this case? How do you say whether a line through Canada is economically feasible or not?

Mr. EDISON: Mr. Green, I have not got the facts in this case and I do not pretend to be an engineer. After all the studies are in and all the evidence is presented to the Board of Transport Commissioners, and after the hearings are completed in Vancouver, then it will become evident to this company and some other companies which route, in the final analysis, is economic having Canadian considerations in mind.

Mr. GREEN: Where do you make the difference between one route being economically feasible and another route not being economically feasible? You and your associates are in this business; there is a lot of money in it; it is an expensive proposition. You have had one of the leading men from New York come to Canada to make surveys. It must have cost you a lot of money to do that. Now just where do you say that the line is or is not economically feasible?

Mr. EDISON: I cannot draw the line exactly for you but you will realize that there is a point in the cost of construction—when the line cannot pay for itself having regard to the market. Consequently the securities,—the bonds—cannot be sold on the market to finance the project. I cannot tell you where that point is.

Mr. GREEN: That is a very important point. You must have gone into it very carefully with your experts. Where is that point in this case?

Mr. EDISON: I cannot tell you.

Mr. GREEN: You have not made any inquiries?

Mr. EDISON: Certainly, we have made inquiries.

Mr. GREEN: About how much can you spend on the all-Canadian route and still have it economically feasible?

Mr. EDISON: Mr. Green, until we are in a position to present complete costs studies to the Board of Transport Commissioners and have some idea of the costs which are going to be allowed, and secondly and more important—the cost at which we are going to be allowed to buy gas in Alberta—the Alberta board has not fixed that rate yet—we cannot tell you what the point is. To take an absolutely absurd example, if the petroleum and natural gas conservation board in Alberta, for reasons known to itself—and I am taking an absurd example—were to say to us that the cost was 50 cents per MCF, we would say that no line was economically feasible. If they fixed the cost at 5, 6, 8, or 10 cents then the total cost of the line becomes a matter of calculation when you know the estimated cost of construction. I cannot go farther than that.

Mr. GREEN: You have had your estimated costs—you have got your figures already, and you have been negotiating with financial firms in New York; you are associated with financial firms there; you know whether you consider this line by an all-Canadian route to Vancouver to be economically feasible or not; and I want to have the information from you.

Mr. APPLEWHAITE: He is only a solicitor.

Mr. EDISON: I cannot answer that question, Mr. Green.

Mr. GREEN: Your engineer is claiming it is going to cost you \$23,500,000 more to go by an all-Canadian than to go by an American route? Now do you think it is economically feasible to build an all-Canadian route or do you not?

Mr. EDISON: Mr. Green, I cannot tell you. I have not got all of the factors in front of me. Besides, it is not my business. I am endeavouring to give you an opinion as a lawyer, but if you tell me what the cost will be for gas in Alberta I will give you an educated guess.

Mr. GREEN: Set it at whatever figure you will have to pay for gas in Alberta?

Mr. EDISON: I do not know.

Mr. GREEN: Set it for the highest and the lowest figures you will have to pay?

Mr. EDISON: I could not even fix those figures—and I would very much like to know.

Mr. GREEN: You will not say whether it is economically feasible or whether it is not economic to run a gas line into Vancouver by an all-Canadian route?

Mr. EDISON: I will say this: I hope it is economically feasible because my clients are Canadians and they would be glad to build it that way if it is economically feasible.

Mr. GREEN: You are not prepared to say that in the opinion of your associates it is feasible?

Mr. EDISON: I cannot say that today. I want to get a charter and get things straightened—

Mr. GREEN: When did you decide you might build by an all-Canadian route?

Mr. EDISON: We have always had it in mind—from the beginning.

Mr. GREEN: Well, when you put in your petition to this House did you?

Mr. EDISON: We advertised the American route.

Mr. GREEN: About two months ago?

Mr. EDISON: If you will read the petition you will see that we described the American route "or such other route or routes as may be acceptable to the Board of Transport Commissioners". If you will read the petition you will see that it is there.

Mr. GREEN: I have a copy of your petition here.

Mr. EDISON: Then, if you will be good enough to read the last paragraph you will see it.

Mr. GREEN: Here is what you say—"to construct, maintain, own, operate and use a pipe line or pipe lines to transport natural and artificial gas or oil in the provinces of Alberta and British Columbia commencing at a point in the general Calgary area in the province of Alberta and thence, to a point in the vicinity of Blairmore in the said province and thence to a point in the vicinity of Kingsgate in the province of British Columbia, thence to the United States of America leaving Canada at a point at or near Kingsgate in the province of British Columbia, and re-entering Canada in the vicinity of Blaine in the state of Washington, and proceeding north to the Vancouver area in the province of British Columbia or to the said destinations by such other route or routes as may be authorized by the Board of Transport Commissioners".

Mr. EDISON: That is what I said.

Mr. GREEN: At the time you filed the petition that was the route you wanted?

Mr. EDISON: No, I would not say that, sir. I would say that at that time and acting on the advice available at that time—

Mr. APPLEWHAITE: Mr. Chairman and members of the committee: in the interests of my friend Mr. Green, as well as those of us who are trying to follow both questions and answers, would you please keep some semblance of order?

Mr. GREEN: As I was saying, in February when you filed your petition in this House you filed for the American first route?

Mr. EDISON: I do not agree with that. We described the American route as one of the routes that we were applying for and we said "or to the said destination by such other route or routes as may be authorized by the Board of Transport Commissioners."

Mr. GREEN: Now, Mr. Edison, you have to draw that a long way to say that you were putting your all-Canadian route on the same basis as the all-American route?

Mr. EDISON: Well, perhaps I do.

Mr. GREEN: You only named one route in the petition?

Mr. EDISON: I only did that.

Mr. GREEN: When you applied in the Senate last fall you did the same thing, did you not?

Mr. EDISON: That is quite true.

Mr. GREEN: And you filed maps in the Senate last fall which showed only this all-American route?

Mr. EDISON: That is quite true.

Mr. GREEN: And it is pretty obvious if you could possibly achieve that objective you want to build by an all-American route?

Mr. EDISON: I do not agree with that inference. I have stated earlier in this committee that my instructions from the Canadian gentlemen whom I represented here are that if a Canadian route is economically feasible they would prefer a Canadian route. Now, if it is not, they would like to be in the pipe line business anyway—but I have said that three times.

Mr. GREEN: You are not prepared to give any explanation of what you mean by economically feasible?

Mr. EDISON: I have said everything I can in that regard, Mr. Green. You and I probably will never agree on that question.

Mr. GREEN: What about the Yellowhead route?

Mr. EDISON: What about it?

Mr. GREEN: Are you not intending to apply on that route?

Mr. EDISON: Mr. Green, we are starting a party to make a detailed survey on the Yellowhead route to test the figures submitted by Westcoast Transmission to the Alberta board and, after our engineering reports are in regarding that route, the company can make some decision about it.

Mr. GREEN: When you go to the Alberta board which route are you going to ask for?

Mr. EDISON: If I could tell you what was going to happen next October I would be a very fortunate man.

Mr. GREEN: That is right, but when you go to the Alberta board you will have to ask for one of the routes? You will have to name a preference for one; which one are you going to ask for?

Mr. EDISON: I do not know. I do not have to go to the Alberta board until next October and we hope to have a survey of all routes by that time.

Mr. GREEN: Is your answer the same for the Board of Transport Commissioners?

Mr. EDISON: Yes.

Mr. GREEN: You have learned something from hearing the evidence of the Alberta Natural Gas applicants, I can see that. They are going to go to the Board of Transport Commissioners and they are going to throw in five routes.

Mr. LAFONTAINE: No, six routes.

Mr. GREEN: They are going to throw in five routes and they are going to say: We do not know what to do about this so you tell us where we are going to build? And when the members from northern Alberta got on their trail here in the committee yesterday morning Mr. Dixon added another route to please them. So now he is going to go to the Board of Transport Commissioners and throw in six routes. And you, apparently, are going to do the same thing. You are going to go there and throw in three routes, one which is all American, one which is all Canadian, and then the Yellowhead route, in order to please the members from the vicinity of Edmonton. That I think is a fair summary of your evidence.

Mr. EDISON: I do not think it is a very fair summary.

Mr. GREEN: Why?

Mr. EDISON: You have made a five minute statement with which I cannot agree.

Mr. GREEN: Well, what is unfair about it?

Mr. EDISON: I say that is not a fair summary.

Mr. GREEN: I do not mind you saying that but will you tell me why you think it is unfair?

Mr. EDISON: Well, if the reporter would read it all back you would see that you have combined about fifteen statements, and you just wound up by saying: is that a fair statement?

Mr. GREEN: I do not want to take up the time of the committee on this matter any further. I would simply point out that you have shown, by filing your petition and the maps of the routes you want, that you prefer the American route. Now, I would like to get from either you or from Mr. Gilman the mileage which there will be in Canada from Pincher Creek to the coast on these two alternative routes through the Crow's Nest Pass?

Mr. EDISON: Mr. Gilman can give you that, I think, Mr. Green.

The WITNESS: The mileage on the main line on the American route is 586 miles; and on the laterals it is 744 miles.

Mr. GREEN: No. What I want to get, Mr. Gilman, is the mileage in Canada and the mileage in the United States from Pincher Creek on your two Crow's Nest Pass routes?

The WITNESS: I will have to ask my assistant to pull that out of the figures.

Mr. GREEN: But you can get it for me.

The WITNESS: Oh, yes.

Mr. GREEN: And at the same time I would like to get from you the respective amounts that will be spent in Canada on those two routes. Have you got that information available?

The WITNESS: Those figures are here and he will pick them out.

Mr. GREEN: How does the size of your pipe compare with the size of pipes given by Mr. Dixon?

The WITNESS: I do not remember all those details. I do not remember the sizes. We have got a map which shows our sizes.

Mr. GREEN: What are your sizes?

The WITNESS: The main line is 24 inches; the laterals are of different size: 18 inches, 16 inches, 12 inches and 8 inches.

Mr. GREEN: Can you give me a summary of what they would be?

The WITNESS: By each lateral, yes. I can dig that out of the papers.

Mr. GREEN: Perhaps your assistant could get that for us as well.

The WITNESS: The Trail lateral is 10 $\frac{3}{4}$ inch pipe. The Bremerton is 10 $\frac{3}{4}$ inches. The Yakima is 10 $\frac{3}{4}$ inches. The Walla-Walla is 8 $\frac{5}{8}$ inches; the Pendleton is 6 inches, and there are a number of others.

By Mr. Green:

Q. You are planning to go a good deal further south than Alberta Natural Gas; you are going right down into Pendleton and eastern Oregon?—A. Yes, through a small spur line.

Q. And you will get your gas into Eugene in Oregon as well.—A. We deliver gas at Portland. We have nothing to do with Eugene at all.

Q. And Portland services Eugene?—A. We sell the gas at Portland.

Q. And they service Eugene?—A. Yes.

Q. Perhaps I should ask Mr. Edison how you are planning to conduct your operations in the United States. Are you forming another American subsidiary over there?

Mr. EDISON: Yes. We intend if and when this company gets a charter, to form a Delaware Company, to incorporate a Delaware company in the United States to own, as required under the American law, that section of the line which is physically present in the United States.

Mr. GREEN: And you have a third company for the grid system in Alberta?

Mr. EDISON: Yes; and that company is already in existence.

Mr. GREEN: Do the figures which you have given, by the way, include your grid system or are they solely on the cost from Pincher Creek to the coast?

Mr. EDISON: That is all Pincher Creek to the coast.

Mr. GREEN: How do you get around the problem of making sure that if your gas goes through an American line it gets back to Vancouver at the end of the line?

Mr. EDISON: As I understand it, but I speak only as a lawyer, there would be a contract entered into at Vancouver which would provide that the capacity of the line would be such as to guarantee the supply of gas to Vancouver.

Mr. GREEN: Is that all the protection which Vancouver would have?

Mr. EDISON: They would have an agreement to that effect which would be a constituent part of the application to the Federal Power Commission in the United States; a constituent part of the license to operate in the United States which would be granted by the Federal Power Commission. In other words, I think in that regard this company, as I understand it—but I do not pretend to be an expert in American law—I understand an arrangement of that kind can be made between the Board of Transport Commissioners and the Federal Power Commission in the United States much along the lines which Mr. Dixon—

Mr. GREEN: Between whom?

Mr. EDISON: I mean an arrangement could be entered into between the Board of Transport Commissioners and the Federal Power Commission.

Mr. GREEN: You mean the Board of Transport Commissioners for Canada?

Mr. EDISON: Yes.

Mr. GREEN: Do you, as a lawyer, say that the Board of Transport Commissioners for Canada can make an agreement with an American government board? You know that is absurd.

Mr. EDISON: No, I do not say that at all. You go to the Board of Transport Commissioners with a project to build a line in Canada and the United States, and you offer your proposals in that regard and get a permit from the Board of Transport Commissioners to take the gas into the United States at some point.

Mr. GREEN: You mean that you get a permit from the Canadian Board of Transport Commissioners to build a line to the Canadian boundary at a certain point?

Mr. EDISON: Yes.

Mr. GREEN: Then what happens?

Mr. EDISON: The company would have a contract with the city of Vancouver to supply gas.

Mr. GREEN: Do you mean with the city of Vancouver or the British Columbia Electric?

Mr. EDISON: With the British Columbia Electric, with a public utility.

Mr. GREEN: Which company would have it?

Mr. EDISON: I should think it would have to be negotiated by one company and assented to by the other.

Mr. GREEN: You mean your American company?

Mr. EDISON: I think that the company would have a contract with the American company which would have to operate it.

Mr. GREEN: And with the distributing company in Vancouver.

Mr. EDISON: Well, the distributing company would be the company with whom the contract was made.

Mr. GREEN: And the Federal Power Commission in the United States would give you permission to enter the United States?

Mr. EDISON: Yes.

Mr. GREEN: And they would say where the line was to go in the United States?

Mr. EDISON: They would have to approve the plan.

Mr. GREEN: They would have complete control of the line once it crosses the boundary.

Mr. EDISON: That is quite correct.

Mr. GREEN: Have you checked to see if there is any treaty between Canada and the United States covering these lines which might cross the boundary?

Mr. EDISON: I have not checked personally, but I know of no treaty. I have had second hand information given to me that there is no treaty in existence at the moment.

Mr. GREEN: So all we could rely upon in Vancouver would be a contract between your company and its American subsidiary and the British Columbia Electric Company?

Mr. EDISON: It would become a constituent element in the permit granted by the Federal Power Commission. All the gas would go into the United States on the basis that this contract was entered into, namely that Vancouver had been guaranteed certain rights; and the building of the American section of the line would be approved on that basis.

Mr. GREEN: Once that gas crosses the boundary Canada has no control over it.

Mr. EDISON: Canada can always shut it off.

Mr. GREEN: But Canada has no control over the line or the gas once it crosses the boundary.

Mr. EDISON: That is quite true, but it doesn't mean anything if I can enter into some agreement which is approved by the Federal Power Commission; and if it should be abrogated or changed the remedy from the Canadian end would be simply to cut off the gas. Canada could cut that gas off at the border.

Mr. GREEN: But it meant quite a lot in the Windsor district, did it not? They had a contract of that type?

Mr. EDISON: I do not think they had a contract of that type.

Mr. GREEN: My instructions are that they were cut off.

Mr. EDISON: No. The gas in the Windsor area did not come from Canada.

Mr. GREEN: No, of course not. It came from the United States.

Mr. EDISON: Of course it did.

Mr. GREEN: And it was cut off and it is cut off now.

Mr. EDISON: I do not know, but I do not think that is a parallel situation because the source of the gas in this case is not Canada, and if we cut off the gas first, then they cannot cut it off.

Mr. GREEN: Well, if it gets cut off twice, we certainly are not going to get any in Vancouver.

Mr. HARKNESS: Once would be enough.

Mr. GREEN: Now, who are the individuals behind your company?

Mr. EDISON: Well, seven of them are named as the incorporators in the bill. There is Mr. Hales Hingston Ross, of Edmonton.

Mr. GREEN: Those are all Alberta people?

Mr. EDISON: That is correct.

Mr. GREEN: Did you not say that you had eastern Canadian people and Americans behind you?

Mr. EDISON: I did not say anything about Americans.

Mr. GREEN: You have an American company doing your financing?

Mr. EDISON: We have entered into an arrangement with American security dealers to sell the securities of the American company in the United States.

Mr. GREEN: Did you not tell us of a wonderful American financial house that had financed more gas lines than any other company in the world, and that they were the company which was financing this proposed gas line? Who are the Americans and who are the eastern Canadians?

Mr. EDISON: Mr. Green, you are a lawyer and you know as well as I do that there is a distinct difference between financial people who come forward and sell bonds or shares for a commission in a company and the people who own the company. There are underwritings and offerings of securities being made every day in the week in this country by security houses which have no interest whatever in the company. I did not say that Americans had any part in the ownership of this company.

Mr. GREEN: Mr. Dixon was very frank with us in his statement to the committee about the financial house of Morgan and Stanley Company who are behind his venture. Don't let us have any hedging about it.

Mr. EDISON: There isn't anybody.

The Vice CHAIRMAN: You will have to take his word for it, Mr. Green.

Mr. EDISON: There isn't anybody.

Mr. GREEN: You won't tell me the names of anybody in eastern Canada or in the United States who are behind this undertaking?

Mr. EDISON: I wouldn't say that. I am prepared to give you the names for the Canadian company, as many of them as I can who are helping us in this enterprise.

Mr. GREEN: Your directors are all Alberta directors?

Mr. EDISON: They are, sir.

Mr. GREEN: Have you got those figures there now as to the mileage of the two routes?

The WITNESS: The all-Canadian route the mileage is 658, that is all in Canada, and the American route mileage is 218 in Canada and 368 in the United States.

Mr. GREEN: By the way, what was the mileage in the United States on that first one?

The WITNESS: That is main line, I am only talking about the main lines.

Mr. GREEN: You are only giving us the main line mileages?

Mr. EDISON: That is right.

Mr. GREEN: Then, what are your costs, what is the amount to be spent in Canada on your all-Canadian route and what is the amount to be spent in Canada on your so called American route?

The WITNESS: On the Canadian route the estimated cost in Canada is \$60,200,000 and in the United States it is \$29,890,000. On the American route the estimated cost in Canada is \$20,800,000 and in the United States \$45,600,000.

Mr. GREEN: The amount you propose spending in Canada on the all-Canadian route would be \$60,200,000?

The WITNESS: That is right.

Mr. GREEN: And what is the other figure, \$29,800,000?

The WITNESS: That is the amount planned for the line in the United States.

Mr. GREEN: That is the American section of the all-Canadian route?

The WITNESS: That is right.

Mr. GREEN: Now then let us have the figures for the all-American route, how much of that is to be spent in Canada and how much is to be spent in the United States?

The WITNESS: \$20,800,000 in Canada and \$40,600,000 in the United States.

Mr. GREEN: And the difference in the amount spent in Canada on these two routes would be roughly about \$14,000,000?

The WITNESS: \$39,400,000.

Mr. GREEN: Thank you.

Mr. HIGGINS: I have one or two questions I would like to ask. How much have you spent for getting out your plans?

The WITNESS: I do not know. I have been working on it myself for about a year.

Mr. HIGGINS: Maybe Mr. Edison could tell us.

Mr. EDISON: I could not tell you exactly.

Mr. HIGGINS: Approximately.

Mr. EDISON: I would say \$100,000.

Mr. HIGGINS: \$100,000?

Mr. EDISON: All of which was contributed by people who are interested.

Mr. HIGGINS: Can you tell us who those people are?

Mr. EDISON: Those who have been associated with us in developing the project.

Mr. HIGGINS: Who are the other people?

Mr. EDISON: There are three or four gentlemen in Edmonton, some in Calgary, two or three in Winnipeg and there are three or four in Toronto.

Mr. HIGGINS: Who are they?

Mr. EDISON: The ones in Toronto are Mr. Colin Wilson, Mr. E. M. Bell, Mr. Harry Jackman; in Winnipeg Mr. John Gallway, Mr. Gordon Smith; and in Edmonton Mr. Hugh Pearson—pardon me, Drew Pearson, Mr. MacKinnon; and others whose names I frankly have forgotten.

Mr. HIGGINS: They have put up any money that has been used so far?

Mr. EDISON: That is right.

Mr. HIGGINS: Did I understand what you said to Mr. Green correctly, that you have no definite contract for financing?

Mr. EDISON: That is right, Mr. Higgins; you cannot contract for financing until you have got a company incorporated.

Mr. HIGGINS: I presume you must have made contracts with the companies who own the gas fields?

Mr. EDISON: No, we have been negotiating with a number of companies to supply us with gas.

Mr. HIGGINS: Which companies are they?

Mr. EDISON: Well, I think we have entered into conversations with Imperial. Mr. Gilman might know more about who they are. Actually it is Mr. Gallway, our geologist in Calgary who is the adviser on the gas situation. He may know more about this than I do.

Mr. HIGGINS: Have you any one here with you who could tell us about that?

Mr. EDISON: They might, I can only tell you frankly that I do not know anything about that personally. Can you say anything about that, Mr. Gilman?

The WITNESS: No, I think Mr. Gallway has that matter in hand. He is the geologist employed by our company and he has the responsibility of doing that job.

Mr. HIGGINS: Is it correct to say that you have no definite contract signed at all?

The WITNESS: I do not know that we have, if we have any I do not know of them.

Mr. HIGGINS: Well, somebody knows it.

Mr. EDISON: I am sorry, I do not know that at all.

Mr. HIGGINS: Who does know?

Mr. EDISON: Mr. Stewart Smith in Edmonton is our solicitor there and he would be the one who would be negotiating those contracts.

Mr. HIGGINS: It is a strange thing that somebody doesn't know anything about that, Mr. Edison.

Mr. EDISON: This company is not in a position to enter into any contracts yet, it is not incorporated.

Mr. HIGGINS: In other words, all you are trying to do here is to get a ticket?

Mr. EDISON: Well, we would like to be in here as a Canadian.

Mr. McIVOR: Mr. Chairman, I would like to ask Mr. Gilman a question. Usually when a company is studying a project it prepares two sets of plans; one to sell their plans to the people who are buying the shares, and they do not put too much detail in that; and the other set of plans is for the contractor who must figure on the details. In the answers which you have given here tonight you have not sought to go into the minute details; you are just giving the main points involved in the plan, the selling plan?

Mr. EDISON: It is not possible to give any great details on a project of the magnitude of this line. This is a \$100,000,000 project and the engineering on it alone is going to cost \$1,000,000 plus to get all those details; it is going to cost an awful lot of money to do it. Nobody could dare on the basis of present conditions to spend all that money with just the hope that he was going to win through. These details are necessarily sketchy until somebody gets a charter and then gets approval from the Alberta authorities to go ahead.

Mr. GOODE: Have you made any arrangements to buy any pipe in Canada?

Mr. EDISON: I believe that all the steel that is being used in the line in Canada will be bought in Canada, if the pipe is anywhere near the price of competitive steel of a similar quality from other mills.

Mr. GOODE: Have you got any prices on it yet? Have you got any idea how much you are going to spend on that item?

Mr. EDISON: We have an idea, yes. We have a price I think of \$194 a ton.

Mr. GOODE: I don't care so much about that, but what arrangements have you made about the purchase of steel? Let me clarify that. Have you made any contracts with Canadian mills for the purchase of steel?

Mr. EDISON: We have not made any contracts, we are not in a position to enter into any contracts.

Mr. GOODE: Have you discussed the purchase of steel with any Canadian companies?

Mr. EDISON: Yes, I believe that our engineer who made the cost estimate has done that.

Mr. GOODE: That is not the point, who knows about that?

Mr. EDISON: I don't know.

Mr. GOODE: Somebody knows, let us be frank. I am trying to help you rather than hinder you. I happen to be interested in the steel business because I have a big steel plant in my riding and I happen to know something about it; that is why I want you to tell me what companies you have approached with respect to the purchase of steel for your pipe line, what companies have you been dickering with, let us put it that way?

Mr. EDISON: I have not been doing any dickering myself, but I assume that something has been done about it. I am very sorry that I cannot tell you more than that.

Mr. GOODE: Mr. Gilman, you are the engineer in charge of this project; do you mean to tell me that you do not know anything about what your company is going to do about its steel?

The WITNESS: I would not say that I was the engineer—

Mr. GOODE: I am asking you that, and I want you to answer it.

The WITNESS: The engineer who made these cost estimates obtained costs in Canada and in the United States, and I would imagine that he got information about many types of steel. We are going to need a lot of it quite aside from the pipe line for such things as compressors, valves, pipes and so forth and so on; and I do not know the names of each of the companies he contacted in the preparation of his cost estimates.

Mr. GOODE: Do you know a company by the name of the Dominion Bridge Company?

The WITNESS: Certainly, I have heard of them, everybody has.

Mr. GOODE: Have you done any business with them, or have you entered into any negotiations with the Dominion Bridge Company?

The WITNESS: If we have not done so we certainly will do so right away.

Mr. GOODE: No, that is not what I want to know. What I want to know is, have you entered into any negotiations with the Dominion Bridge Company?

The WITNESS: I do not know.

Mr. HARKNESS: Mr. Chairman, I have two or three questions I would like to ask first of Mr. Edison, and then later possibly one or two for Mr. Gilman. The names of the incorporators appear here in the bill. There are quite a number of these whom I happen to know. These are not the same names that appeared in the bill which you introduced last year?

Mr. EDISON: That is correct.

Mr. HARKNESS: When were these people brought into this company? Why was this change in the names of the incorporators made?

Mr. EDISON: Those changes were made Mr. Harkness, because the incorporators in the bill last year, as is usual in a project of this kind, were associates of mine in my legal firm in Toronto, and three lawyers in Ottawa in the firm of our Ottawa agents. In the House of Commons there was some criticism of the fact that lawyers only were appearing on the charter; and, as a matter of fact, one member of the House of Commons had something to say about a young solicitor whose name appeared on the bill, someone from my office, which I thought was unfair; so I recommended to my clients that when this bill was reintroduced at this session some of the names of the actual applicants should appear in the bill.

Mr. HARKNESS: So these people who appear in the bill were associated with the company when the application was first made?

Mr. EDISON: That is right.

Mr. HARKNESS: Then they could probably be called the principals of this company now?

Mr. EDISON: They are among them.

Mr. HARKNESS: They are among the principals?

Mr. EDISON: Among the principals.

Mr. HARKNESS: And the other gentlemen whom you have named, do they constitute the other principals?

Mr. EDISON: That is right.

By Mr. Harkness:

Q. Then, Mr. Gilman, first of all in connection with the surveys that you have made of these two routes, to what extent have you carried them; in other words, with how much detail did you make the surveys on what you have called your Canadian route and on your American route in order to arrive at your cost figures?—A. We have surveyed the American route in considerable detail.

Q. I see, to what extent did you survey this, did you drive over it in a car?—A. We had engineers out and they drove around in a car and they walked the terrain and studied the details of the terrain and spent some considerable time in Alberta, British Columbia and in the state of Washington.

Q. As far as your Canadian route, as you call it, is concerned, have you or your engineers actually been over that route?—A. Not over the route from start to finish, no. We have been into the territory at various points; we haven't walked that route from end to end.

Q. Well then, your survey is a very sketchy survey.—A. I would say it is an incomplete survey, sir.

Q. It is not a survey on which you could base very accurate figures as to the cost of the project?—A. Well, we have computed it on the basis of the information we have.

Q. Would you suggest that other people who are interested in building pipe lines have not made much more complete surveys of some of their routes?—A. No, other people may have made much more detailed surveys of other routes.

Q. Well, the point I am getting at is this. You gave figures which you say indicated your estimate of the cost of the route to Vancouver, but these figures with respect to many parts of the route are really not made on surveys because your men have not been over the ground. For that reason I was wondering how much reliance can be placed on those figures?—A. Well, they are the best attempt we can make on the basis of our present information. We are going to have men out there in the spring working on that route from terminus to terminus.

Q. Would you agree, for all practical purposes, that 35 cents for one rate and 30 cents for the other are quite reliable figures?—A. I would not agree to that. I would say they are the best estimates we can make.

Q. You agree you have not been over one route at all in many places? I think you must agree then that the estimates of 35 cents and 30 cents you have given must be, well, you call it an educated guess, you called it an educated guess a while ago, and it certainly is no more than that, is it?—A. It is the best estimate we can make where we have not seen the terrain. We have examined the topography, the maps, and things like that, and we tried to estimate how much per mile it will cost to go through that country.

Q. Well, for our purposes in committee, however, it seems to me we cannot accept those figures as being much more than just your guess, after a very summary survey.—A. We have produced them for our own information. They are the best figures we have at this time. We are going to review them and try to get better ones as soon as we can.

Q. Have you built any pipe lines before, Mr. Gilman?—A. No, I am not in the construction business; we are consulting engineers in New York, engaged primarily in the utility field and a great deal of our work has to do with making investigations, reports and studies as to feasibility of public utility projects for investment bankers.

Q. Then you have no practical experience of your own on which to base these figures you have given us?—A. Well, the cost estimates were done by Mr. P. MacDonald Biddison of Tulsa, Oklahoma, whom we employed. He has been in the oil business all his life and is a well experienced contractor. He made the cost estimates.

Q. Did he survey these routes?—A. He is familiar with the territory, yes.

Q. Did he survey these routes?—A. He utilized the services of our other engineers who made the field surveys, and he used their notes in classifying the terrain and pricing the cost estimate out.

Q. Well, we have, I think, a rather anomalous situation where a figure is given to us of what the cost for delivery will be in Vancouver. You have no experience yourself. The people who made the actual survey—there was a survey—the people who made that survey had not experience in building pipe lines, and the man who had experience merely took some figures that were given to him; and once more I submit or suggest to you, Mr. Gilman, that I at least would find some difficulty in accepting the results as being anything like an accurate reflection of what costs are likely to be?—A. Mr. Biddison is familiar with this territory and knows it very well.

Q. He has not made a survey of these routes. I am very familiar with that territory myself, I have driven over it twenty times but I am not in a position to say anything as to the route, in any particular area, as to what the route would be unless I had been over it, and fairly recently. Well, leave that point. Do you own any gas wells?—A. No, I do not.

Q. I mean, does this company own any gas wells?

Mr. MAYBANK: There is no company.

The WITNESS: This company is not incorporated yet.

By Mr. Harkness:

Q. Have you any plans for drilling gas wells or do you propose entirely to buy gas where you can and transport it?—A. This company proposes to buy gas. In the bill it is so stated: to buy gas in Alberta and transport it to the Pacific coast.

Q. You have not plans to take part in the development of gas wells yourself?—A. You mean oil explorations?

Q. I mean oil or gas exploration or drilling.—A. This company proposes to buy gas, transport it to the markets of the Pacific coast, and sell it.

By Mr. Prudham:

Q. A few moments ago you made the statement that in the spring your engineers would cover these routes on foot. Are you going to give the Yellow-head route the same intensive survey as you give these other routes?—A. We are, as soon as the weather opens up.

Q. You will complete that before you appear before the Board of Transport Commissioners?—A. It will be completed before we appear before the Alberta board which is scheduled for October.

Q. Thank you very much.

By Mr. Herridge:

Q. Mr. Gilman, you mentioned in discussing your route through British Columbia that you intended to serve Trail? Do you have plans to make gas available to Nelson?—A. Yes.

Q. And if that gas is made available would your company be willing to sell gas to the corporation of Nelson?—A. Yes, sir.

By Mr. Byrne:

Q. I would like to ask Mr. Gilman this question: Is it true that our company intends to finance this project entirely with Canadian funds by selling stock in Canada?—A. I think, to the extent possible, we would sell securities in Canada. The plans are to sell such securities in Canada; otherwise, the funds will be raised in the United States?

Q. I understood you to say that it would be entirely done in the United States. In your opinion, in the opinion of your technical advisers, would it be possible following what is commonly known as the Yellowhead route, would it be economically feasible to supply Trail, British Columbia, with natural gas?—A. In my offhand judgment, it would not.

The VICE CHAIRMAN: Are you ready for the bill, gentlemen?

Mr. WYLIE: Mr. Gilman, you mentioned certain gentlemen associated with you from Winnipeg, men who had an interest in the company. Could you give the names of any persons in Calgary who are likewise interested?

Mr. EDISON: Mr. Coutts. There are two other gentlemen whose names just escape me. Mr. Coutts, of Calgary, is named on the bill.

Mr. WYLIE: But other than the names on the bill?

Mr. EDISON: Two gentlemen, whose names I have forgotten. I thought I had a note here but I cannot find it at the moment.

Mr. FERGUSON: Mr. Edison, it would be your intention to have a subsidiary company in the United States?

Mr. EDISON: It is the intention of this company to incorporate a United States company.

Mr. FERGUSON: And that will be controlled by the Canadian company?

Mr. EDISON: That is the present plan.

Mr. FERGUSON: That is your plan.

Mr. EDISON: That is our present plan.

Mr. FERGUSON: That the company in Canada will control and operate an American company?

Mr. EDISON: As I understand that is the plan the Canadian incorporators are planning to carry out—if they can raise the money to do so.

Mr. FERGUSON: This company is composed of a group of Canadians who have had as much experience as Canada can afford, and this company is endeavouring to obtain capital in Canada and the United States to operate a Canadian company and to operate a subsidiary company in the United States. And they want a charter on the same basis as those which have been asked for by companies that will be controlled by Americans? Is that right?

Mr. EDISON: That is correct.

Mr. FERGUSON: And principally comprised of Americans rather than Canadians. That is your thought?

Mr. EDISON: That is our thought, yes, sir.

Mr. FERGUSON: I am quite positive that Canadians trying to get into this business would find great difficulty in securing the services quickly of expert engineers who had the experience along the lines necessary to start a company of this nature. You would have a great difficulty to find that type of personnel?

Mr. EDISON: I do not think there are pipe line engineers in Canada who have had any worthwhile experience.

Mr. FERGUSON: But you, a group of Canadians, are trying to do your best, to control a Canadian industry?

Mr. EDISON: That is precisely the intention.

Mr. GOODE: May I suggest to you, Mr. Chairman, that we go on the bill now?

The VICE CHAIRMAN: Shall the preamble carry?

Carried.

Shall section 1 carry?

Carried.

Shall section 2 carry?

Carried.

Shall section 3 carry?

Carried.

Mr. CARROLL: There is something that has been brought to my attention by the chief of the committee branch, which should be submitted for the approval of the committee at this point. Do you wish to make your declaration first, Mr. Edison?

Mr. EDISON: You will observe that section 3 of the bill of this company provides that the capital stock shall consist of five million shares without nominal or par value. I understand that it is the practice in committee that such capital stock has to have a cash value set on it by the applicants for purposes of taxation—for the purpose of determining the fee that must be paid in connection with the granting of the charter; and I have here a statutory declaration, which I will read:

1. That I am solicitor for the applicants for incorporation of Prairie Transmission Lines Limited and as such have knowledge of the matters hereinafter deposed to.

2. That I have been instructed by the applicants for the incorporation of the said company that the capital of the said company consisting of 5,000,000 common shares without nominal or par value will not be issued for an aggregate consideration exceeding \$15,000,000.

Mr. CARROLL: The Chairman received a letter from the head of the law branch here last night in connection with bill No. 9, which reads as follows:

In bills of incorporation, the cash value of the proposed capital stock, if any, is usually indicated, and a charge is made on such capital stock in accordance with the provisions of Standing Order 93 (3).

Bill No. 9, however, is for the incorporation of a company with a capital stock of five million shares of *no par value*.

When a "no par value" incorporation is sought, the Committee to which the bill is referred recommends to the House what, for taxing purposes, each share shall be deemed to be worth; and when the House concurs in such recommendation, collection of a fee is authorized and made.

Now, I am, making a motion that this committee recommend to the House that three dollars per share seems to be acceptable to the committee; that each share shall be deemed to be worth three dollars, and that the committee should so recommend to the House. I therefore submit this motion, Mr. Chairman.

That for the purpose of taxing the capital stock of this company the nominal or no par value of shares be fixed at \$3.00 each.

Mr. MAYBANK: Seconded.

The VICE CHAIRMAN: Mr. Carroll moved, seconded by Mr. Maybank that

That for the purpose of taxing the capital stock of this company the nominal or no par value of shares be fixed at \$3.00 each.

All in favour of the motion signify in the usual way.

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

Clause 6?

Mr. GREEN: On clause 6, just to be consistent, I would like to move that section 6 of bill 9 be amended by adding after the word "thereof" in the fourteenth line, the following: "and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada."

That is the same amendment that I moved this afternoon on the other bill. I will not bore the committee with a repetition of what I said.

The VICE CHAIRMAN: Are you ready for the vote?

Mr. GREEN: May we have a polled vote?

Mr. APPLEWHAITE: Just before we have the vote I think, with great respect, for the mover's sense of consistency that there should also be something said in respect to fair play. I do not think that such an amendment should be tacked onto one bill after it has been evident that in so far as the Railways, Canals and Telegraphs Committee is concerned that at the last session of parliament and this session two companies obtain a charter without that amendment tacked on.

Mr. GREEN: When are we going to start putting it in?

Mr. APPLEWHAITE: You cannot start putting it in.

Mr. GREEN: Well, vote against it.

The CHAIRMAN: I declare the motion lost.

Mr. GREEN: Then, there is another amendment in line 29, paragraph (a), that section 6 of bill 9 be amended by inserting after the word "oil" in the 29th line the following: "provided that the main pipe line or lines either for the transmission or transportation of oil or gas shall be located entirely in Canada."

The CHAIRMAN: Do you want the same vote taken on that? (Polled vote.)

I declare the motion lost.

Section 6?

Carried.

Section 7?

Carried.

Section 8?

Carried.

Section 9?

Carried.

Section 10?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Mr. GREEN: Mr. Chairman, before the committee adjourns there are two matters that I would like to place before the members. We have had a good deal of discussion about pipe lines over recent months and I do think that it has become perfectly clear that there should be some changes made in the Pipe Line Act. One of them has to do with the question of tariffs and tolls that may be charged by these gas companies. The situation is perfectly clear that as the law stands at the present time there is no control whatever over tariffs that can be charged by these gas companies. There is control in the Act over oil line companies. The Board of Transport Commissioners is given power under part II, sections 38 to 48, to regulate tolls and tariffs. The evidence given by Mr. Dixon is that there is control in the United States over rates that can be charged on gas. In Canada, for some reason or other there is no such power under the Board of Transport Commissioners.

Mr. MAYBANK: Mr. Chairman, a point of order if I may.

I apprehend that the purpose of the remarks is that this committee should make some recommendation.

May I draw to your attention that this committee has been convened for the purpose of considering that which was referred to it and that also, under standing orders, the committee has certain powers of which general recommendation is not one. But, at the present time we were convened for a certain purpose and that purpose was set out in the memorandum that came to us at that time.

Now, I am inclined to think what Mr. Green is going to propose is something that would find very general acceptance. Nevertheless, it might take considerable time to debate and it is 10.15 now. It is not within our terms of reference to consider some proposal dealing with the public law of Canada—a proposal to be made by this committee.

You will readily understand why that is so. Government in Canada is not government by committees but government by cabinet—not government completely but recommendation and direction of things is by the cabinet and not by committee. So, I submit that any proposal to do anything now is out of order. We have completed the business for which we were convened and we have no power left to consider some recommendation relating to public law. That, I submit, is a point of order. The only thing left for us is to adjourn.

Mr. GREEN: Mr. Chairman, I do suggest that this is a standing committee and, we know, of course, that the menu for today has been these private bills. However, that does not cut down our powers. Where we are reviewing something and find a condition which we think should be remedied then, I suggest, we have the power to recommend to the House that consideration be given to meeting that situation.

Mr. MAYBANK: We do that by rising in our places in the House.

Mr. GREEN: In that way you do not get the recommendation of the committee behind it—you only get the individual saying it in the House. I will not put a motion as I had intended to do—

The VICE CHAIRMAN: I am informed that it could be brought up under Bill 132 which Mr. Sinnott has moved in the House—if that bill is referred to a committee.

Mr. GREEN: Well, I would just like to tell the members of the committee what I had in mind so that they can think it over—

Mr. MAYBANK: I have an objection to that and that is that Mr. Green is seeking to put upon the record something which will not in the circumstances get full consideration and debate and it may serve some purpose—some personal

purpose; but that is not a sufficient reason for it now being placed on the records of this committee.

It would not get full consideration in debate here. All that we would have upon the record, would be the observations of Mr. Green and while those observations might be valuable,—I would not suggest that they would not be valuable—still, in the circumstances it would be just like making *ex parte* observations. This is not a vehicle for one member. He may consider it to be an opportune time, to place some views upon the record.

Mr. GREEN: I object to that, Mr. Chairman, on a point of order.

Mr. MAYBANK: Well, Mr. Chairman, I am speaking to a point of order at this very moment.

Mr. GREEN: Then, Mr. Chairman, I rise on a question of privilege. I can rise on a question of privilege at any time, and I am rising now.

Mr. MAYBANK: I think we should adjourn, Mr. Chairman. Otherwise we are going to be out of order, quite badly out of order. I am afraid the reporter won't be able to get what Mr. Green is saying because he is getting my voice so much louder.

Mr. RILEY: Mr. Chairman, I move that we adjourn.

Mr. MAYBANK: Mr. Chairman, there is a motion that we adjourn. Will you put the question?

The VICE CHAIRMAN: I think the whole discussion is out of order.

Mr. MAYBANK: Yes, the whole discussion is out of order. That is what it is.

The VICE CHAIRMAN: The committee now stands adjourned.

The meeting adjourned.